

(3005a) Operating Report for Privately-Held Rate of Return Carriers			FCC Form 481			
Balance Sheet - Data Collection Form			OMB Control No. 3060-0986			
Page 1 of 3			July 2013			
<010>	Study Area Code		<010>	351295		
<015>	Study Area Name		<015>	Shell Rock Communications, Inc.		
<020>	Program Year		<020>	2013		
<030>	Contact Name - Person USAC should contact regarding this data		<030>	Richard L. McBurney		
<035>	Contact Telephone Number - Number of person identified in data line <030>		<035>	(319) 276-4458		
<039>	Contact Telephone Email Address - Email Address of person identified in data line <030>		<039>	rich@butler-bremer.biz		
<input type="checkbox"/> Files as reviewed single company <input type="checkbox"/> Filed as reviewed consolidated company <input type="checkbox"/> Filed as subsidiary of reviewed consolidated company			<input type="checkbox"/> Filed as audited single company <input type="checkbox"/> Filed as audited consolidated company <input checked="" type="checkbox"/> Filed as subsidiary of audited consolidated company			
CERTIFICATION						
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.						
Richard L. McBurney, CEO		10/10/2013				
Signature		Date				
PART A. BALANCE SHEET						
ASSETS		BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS				CURRENT LIABILITIES		
1.	Cash and Equivalents	251414	454706	25.	Accounts Payable	36968
2.	Cash-RUS Construction Fund			26.	Notes Payable	
3.	Affiliates:			27.	Advance Billings and Payments	
a.	Telecom, Accounts Receivable			28.	Customer Deposits	
b.	Other Accounts Receivable			29.	Current Mat. L/T Debt	
c.	Notes Receivable			30.	Current Mat. L/T Debt-Rur. Dev.	
4.	Non-Affiliates:			31.	Current Mat.-Capital Leases	
a.	Telecom, Accounts Receivable	55849	54311	32.	Income Taxes Accrued	
b.	Other Accounts Receivable	3844		33.	Other Taxes Accrued	39635
c.	Notes Receivable			34.	Other Current Liabilities	
5.	Interest and Dividends Receivable			35.	Total Current Liabilities (25 thru 34)	76603
6.	Material-Regulated	15381	8217	LONG-TERM DEBT		
7.	Material-Nonregulated			36.	Funded Debt-RUS Notes	
8.	Prepayments	675		37.	Funded Debt-RTB Notes	
9.	Other Current Assets	16083	9542	38.	Funded Debt-FFB Notes	
10.	Total Current Assets (1 Thru 9)	343246	526776	39.	Funded Debt-Other	
				40.	Funded Debt-Rural Develop. Loan	
NONCURRENT ASSETS				41.	Premium (Discount) on L/T Debt	
11.	Investment in Affiliated Companies			42.	Reacquired Debt	
a.	Rural Development			43.	Obligations Under Capital Lease	
b.	Nonrural Development			44.	Adv. From Affiliated Companies	2488879
12.	Other Investments			45.	Other Long-Term Debt	
a.	Rural Development			46.	Total Long-Term Debt (36 thru 45)	2488879
b.	Nonrural Development			OTHER LIAB. & DEF. CREDITS		
13.	Nonregulated Investments	450000	450000	47.	Other Long-Term Liabilities	
14.	Other Noncurrent Assets			48.	Other Deferred Credits	134202
15.	Deferred Charges			49.	Other Jurisdictional Differences	
16.	Jurisdictional Differences			50.	Total Other Liabilities and Deferred Credits (47 thru 49)	134202
17.	Total Noncurrent Assets (11 thru 16)	450000	450000	EQUITY		
				51.	Cap. Stock Outstanding & Subscribed	1000
PLANT, PROPERTY, AND EQUIPMENT				52.	Additional Paid-in-Capital	2126766
18.	Telecom, Plant-in-Service	4466300	4507335	53.	Treasury Stock	
19.	Property Held for Future Use	78746		54.	Membership and Cap. Certificates	
20.	Plant Under Construction			55.	Other Capital	
21.	Plant Adj., Nonop. Plant & Goodwill	1334129	1370254	56.	Patronage Capital Credits	
22.	Less Accumulated Depreciation	-1683374	-2062137	57.	Retained Earnings or Margins	161597
23.	Net Plant (18 thru 21 less 22)	4195801	3815452	58.	Total Equity (51 thru 57)	2289363
24.	TOTAL ASSETS (10+17+23)	4989047	4792228	59.	TOTAL LIABILITIES AND EQUITY (35+46+50+58)	4989047

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<020> 2013
<030> Richard L. McBurney
<035> (319) 276-4458
<039> rich@butler-bremer.biz

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	168375	158085
2. Network Access Services Revenues	771616	692609
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues	11384	11269
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)	951375	861963
8. Plant Specific Operations Expense	109583	109827
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	12430	12294
10. Depreciation Expense	299304	378763
11. Amortization Expense	31042	31042
12. Customer Operations Expense	78773	77745
13. Corporate Operations Expense	120529	121673
14. Total Operating Expenses (8 thru 13)	651661	731344
15. Operating Income or Margins (7 less 14)	299714	130619
16. Other Operating Income and Expenses	-18448	-29203
17. State and Local Taxes	25693	13687
18. Federal Income Taxes	86718	46791
19. Other Taxes	48173	49842
20. Total Operating Taxes (17+18+19)	160584	110320
21. Net Operating Income or Margins (15+16-20)	120682	-8904
22. Interest on Funded Debt	60921	
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)	60921	0
27. Nonoperating Net Income	73254	72941
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	101857	90807
31. Total Net Income or margins (21+27+28+29+30-26)	234872	154844
32. Total Taxes Based on Income	121944	70026
33. Retained Earnings or Margins Beginning-of-Year	-73275	161597
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins end-of-Period [(31+33+34)-(35+36+37+38)]	161597	316441
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)	0	0
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11)/7]	1	1
46. Operating Accrual Ratio [(14+20+26)/7]	1	1
47. TIER [(31+26)/26]	5	#DIV/0!
48. DSCR [(31+26+10+11)/44]	0	0

(3005c) Operating Report for Privately-Held Rate of Return Carriers

Balance Sheet - Data Collection Form

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PART C. STATEMENTS OF CASH FLOWS			
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		251414
CASH FLOWS FROM OPERATING ACTIVITIES			
2.	Net Income		154844
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
3.	Add: Depreciation		378763
4.	Add: Amortization		31042
5.	Other (Explain)		
Changes in Operating Assets and Liabilities			
6.	Decrease/(Increase) in Accounts Receivable		5382
7.	Decrease/(Increase) in Materials and Inventory		7164
8.	Decrease/(Increase) in Prepayments and Deferred Charges		675
9.	Decrease/(Increase) in Other Current Assets		6541
10.	Increase/(Decrease) in Accounts Payable		-22084
11.	Increase/(Decrease) in Advance Billings & Payments		
12.	Increase/(Decrease) in Other Current Liabilities		-360621
13.	Net Cash Provided/(Used) by Operations		201706
CASH FLOWS FROM FINANCING ACTIVITIES			
14.	Decrease/(Increase) in Notes Receivable		
15.	Increase/(Decrease) in Notes Payable		
16.	Increase/(Decrease) in Customer Deposits		
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits		
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		
20.	Less: Payment of Dividends		
21.	Less: Patronage Capital Credits Retired		
22.	Other (Explain)		
23.	Net Cash Provided/(Used) by Financing Activities		0
CASH FLOWS FROM INVESTING ACTIVITIES			
24.	Net Capital Expenditures (Property, Plant & Equipment)		1586
25.	Other Long-Term Investments		
26.	Other Noncurrent Assets & Jurisdictional Differences		
27.	Other (Explain)		
28.	Net Cash Provided/(Used) by Investing Activities		1586
29.	Net Increase/(Decrease) in Cash		203292
30.	Ending Cash		454706



To the Board of Directors
Butler-Bremer Mutual Telephone Company and Subsidiaries
Plainfield, Iowa

We have audited the consolidated financial statements of Butler-Bremer Mutual Telephone Company and subsidiaries, as of and for the year ended October 31, 2012, and have issued our report thereon dated November 20, 2012.

Professional standards require the auditor to communicate certain matters to those charged with governance. The following are comments regarding our responsibilities and results of our audit of the consolidated financial statements of Butler-Bremer Mutual Telephone Company and subsidiaries for the year ended October 31, 2012, will assist you in overseeing the financial reporting and disclosure process for which management is responsible.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility as described by professional standards and stated in our engagement letter, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable, but not absolute, assurance that the consolidated financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Butler-Bremer Mutual Telephone Company and subsidiaries. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. We are also responsible for communicating matters required by law, regulation, agreement or other requirements applicable to the engagement to you.

Other Client Information Presented with the Consolidated Financial Statements

Our responsibility with respect to the supplementary information included with the consolidated financial statements is as described in our report thereon dated November 20, 2012.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies.

The significant accounting policies of the Company are described in footnotes to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended October 31, 2012.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The only sensitive accounting estimate subject to a substantial measure of uncertainty included in the consolidated financial statements for the year ended October 31, 2012, relates to the estimate of the service lives of property, plant and equipment, and the assessment of intangibles and goodwill for impairment. The service lives of property, plant and equipment represent the anticipated period of time the various classes of depreciable property are expected to be in service by the Company. Management gives consideration to the experience of other companies with similar property and to its own projected expansion and replacement plans in estimating these service lives.

Management's estimate of the estimated future cost of removal for wireless sites is based upon current and historical costs of removing these assets. We evaluated the key factors and assumptions used to develop the estimated future cost of removal in determining that it is reasonable in relation to the consolidated financial statements as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Our management letter and our report on internal control, and our separate letter to the board of directors all dated November 20, 2012, comment on other findings and recommendations.

To the Board of Directors
Butler-Bremer Mutual Telephone Company and Subsidiaries
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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit that individually or in the aggregate were of such significance that reference to the subject matter would have been made in our reports.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 20, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditor. However, these communications occurred in the normal course of our professional relationship and to our knowledge our responses were not a condition to our retention.

This letter is intended solely for the information and use of the board of directors and management of the Company and is not intended to be and should not be used by anyone other than these specified parties.

Kiesling Associates LLP

West Des Moines, Iowa
November 20, 2012